

**Town of Milton  
Milton, North Carolina  
For the year ended  
June 30, 2020**

**Independent Auditor's Reports  
Basic Financial Statements  
And  
Information Accompanying the  
Basic Financial Statements**

## **Governance**

### **Town Council Members**

**Patricia Williams, Mayor**

**Lisa Brandon, Mayor Pro-Tem**

**John Wallace, Jr.**

**Cathia Stewart**

**Valerie Sottile**

### **Administrative and Financial Staff**

**Sharon Williams, Finance Officer**

**Town of Milton**  
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June 30, 2020

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**EDDIE CARRICK, CPA, PC**  
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To Honorable Mayor and Town Council  
Town of Milton  
Milton, North Carolina

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Milton, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Milton, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Milton, North Carolina's basic financial statements. The individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, and the procedures performed as describe above, the individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Emphasis of Matter**

As discussed in Note VI to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.

Eddie Carrick CPA, PC



Lexington, North Carolina  
November 20, 2020

# Town of Milton

P.O. Box 85  
Milton, NC 27305  
336-234-0030

## Management's Discussion and Analysis

As management of the Town of Milton, we offer the readers of the Town of Milton's financial statements this narrative overview and analysis of the financial activities of the Town of Milton for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

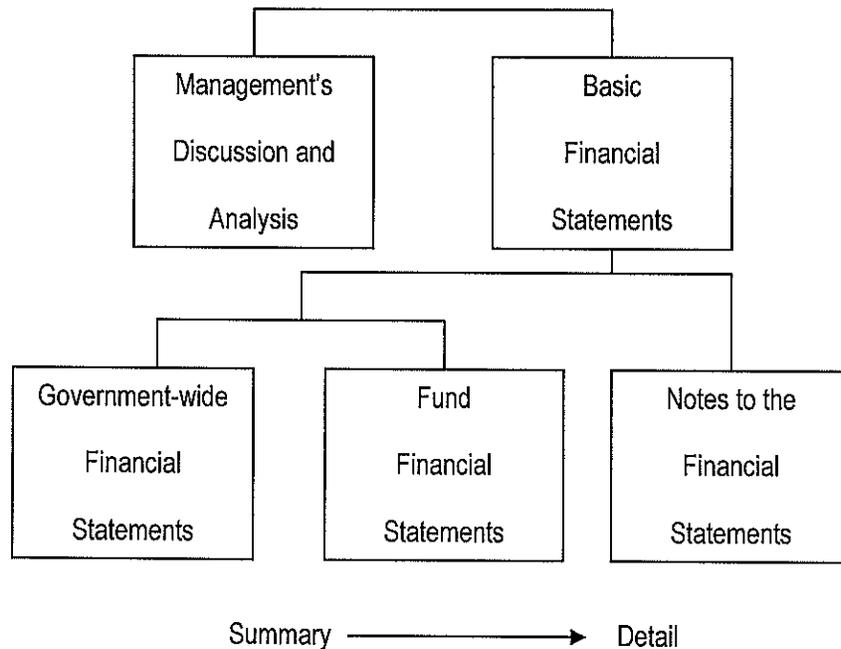
### Financial highlights

- The assets of the Town of Milton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,146,720 (*net position*).
- The Town's total net position decreased by \$51,707 primarily due to decreases in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Milton's governmental fund reported combined ending fund balance of \$115,239 with a net increase of \$3,970 in fund balance. Approximately 6 percent of this total amount, or \$5,932, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$109,307, or 185 percent of total General Fund expenditures for the fiscal year.
- The Town's total debt decreased by \$12,500 due to principal payments on water and sewer bonds.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Town of Milton's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Milton.

**Required Components of Annual Financial Report**  
Figure 1



### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibit 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as general administration. Property taxes and local option sales tax finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Milton.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Milton, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as General Statutes or the Town's budget ordinance. All of the funds of the Town of Milton are reported under governmental funds. All of the funds of the Town of Milton can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The Town of Milton adopts an annual budget for the General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance the current period activities.

Management Discussion and Analysis  
Town of Milton

The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented in the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the differences or variance between the final budget and actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reporting activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The Town of Milton has only one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Milton uses enterprise funds to account for its water and sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information detailing the information provided in the basic financial statements and is presented to allow the reader to gain an in-depth understanding of the financial information presented.

**Interdependence with Other Entities** - The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Management Discussion and Analysis  
Town of Milton

Town of Milton's Net Position (Figure 2)  
June 30, 2020 and June 30, 2019

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Current and other assets	\$ 119,116	\$ 115,050	\$ 61,473	\$ 62,282	\$ 180,588	\$ 177,332
Capital assets	9,937	11,234	2,386,994	2,451,987	2,396,931	2,463,221
Total assets	<u>129,053</u>	<u>126,284</u>	<u>2,448,466</u>	<u>2,514,269</u>	<u>2,577,519</u>	<u>2,640,553</u>
Current liabilities	751	674	10,048	8,951	10,799	9,625
Long-term Liabilities	-	-	420,000	432,500	420,000	432,500
Total liabilities	<u>751</u>	<u>674</u>	<u>430,048</u>	<u>441,451</u>	<u>430,799</u>	<u>442,125</u>
Net position:						
Net investment in capital assets	9,937	11,234	1,966,994	2,019,487	1,976,931	2,030,721
Restricted for:						
Stabilization by State Statute	5,932	635	-	-	5,932	635
Debt service	-	-	-	-	-	-
Unrestricted	<u>112,433</u>	<u>113,741</u>	<u>51,424</u>	<u>53,331</u>	<u>163,857</u>	<u>167,072</u>
Total net position	<u>\$ 128,302</u>	<u>\$ 125,610</u>	<u>\$ 2,018,418</u>	<u>\$ 2,072,817</u>	<u>\$ 2,146,720</u>	<u>\$ 2,198,428</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Milton exceeded liabilities and deferred inflows by \$2,146,720 as of June 30, 2020. The Town's net position decreased by \$51,707 for the fiscal year ended June 30, 2020. However, the largest portion (93%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Milton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Milton's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Milton's net position, \$5,932, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$163,857 is unrestricted.

One particular aspect of the Town's financial operations positively influenced the total unrestricted governmental assets:

- Conservative spending in both the General and Enterprise Funds

Management Discussion and Analysis  
Town of Milton

**Town of Milton's Changes in Net Position (Figure 3)**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 125,138	\$ 112,309	\$ 125,138	\$ 112,309
Operating grants and revenues	-	-	-	-	-	-
General revenues:						
Property taxes	40,740	40,802	-	-	40,740	40,802
Other taxes	22,686	21,732	-	-	22,686	21,732
Unrestricted intergovernmental revenues	8,609	8,955	-	-	8,609	8,955
Investment earnings	1,292	1,616	-	-	1,292	1,616
Miscellaneous income	20	-	-	-	20	-
Total revenues	<u>73,347</u>	<u>73,105</u>	<u>125,138</u>	<u>112,309</u>	<u>198,485</u>	<u>185,414</u>
Expenses:						
General government	60,655	64,724	-	-	60,655	64,724
Transportation	-	-	-	-	-	-
Water and Sewer	-	-	189,538	172,141	189,538	172,141
Total expenses	<u>60,655</u>	<u>64,724</u>	<u>189,538</u>	<u>172,141</u>	<u>250,193</u>	<u>236,865</u>
Increase (decrease) in net position before transfers	12,692	8,381	(64,400)	(59,832)	(51,707)	(51,451)
Transfers	(10,000)	(112,809)	10,000	112,809	-	-
Increase (decrease)	2,692	(104,427)	(54,400)	52,976	(51,707)	(51,451)
Net position July 1	<u>125,610</u>	<u>230,036</u>	<u>2,072,817</u>	<u>2,019,841</u>	<u>2,198,427</u>	<u>2,249,877</u>
Net position June 30	<u>\$ 128,302</u>	<u>\$ 125,610</u>	<u>\$ 2,018,418</u>	<u>\$ 2,072,817</u>	<u>\$ 2,146,720</u>	<u>\$ 2,198,426</u>

**Governmental activities** – Governmental activities increased the Town's net position by \$2,692, thereby accounting for 0% of the total decrease in the net position of the Town of Milton. Town management reduced non-essential programs to a minimum and implemented cost saving strategies across Town departments. Tax revenue did not appreciably decline in the current year. Town management acknowledges that 2020 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Key elements of this increase are as follows:

- During the current fiscal year, the Town remained conservative in all spending
- Transfer to the Water Sewer Fund

Management Discussion and Analysis  
Town of Milton

**Business-type activities** – Business-type activities decreased the Town's net position by \$54,400, accounting for 100% of the total decrease in the Town's net position. Key elements of this decrease are as follows:

- Depreciation in the amount of \$64,993
- An increase in maintenance and repairs costs

### Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Milton's fund balance available in the General Fund was \$109,307, while total fund balance reached \$115,239. The Town currently has an available fund balance of 186% of general fund expenditures, while total fund balance represents 195% of the same amount.

At June 30, 2020, the governmental funds of the Town of Milton reported a combined fund balance of \$115,239, a 4% percent increase from last year. The General Fund is included in this combined amount.

**General Fund Budgetary Highlights:** Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

During the fiscal year ended June 30, 2020, the Town of Milton revised the budget to account for the Board approved transfer to the Water Sewer Fund. Actual General Fund expenditures amounted to \$3,970 less than the final budgeted amount.

**Proprietary Funds.** The Town of Milton's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$51,424. The total decrease in net position for the Water and Sewer fund was \$54,400. The change in net position in the Water and Sewer Fund is a result of actual expenses, which includes depreciation, exceeding revenues as well as a transfer from the General Fund to provide resources to make debt payments.

### Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental activities and business-type activities as of June 30, 2020, totals \$2,396,931 (net of accumulated depreciation). These assets include buildings, land, streets and sidewalks, and water plant and distribution system.

Management Discussion and Analysis  
Town of Milton

**Town of Milton's Capital Assets (net of depreciation) (Figure 4)**

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Land	\$ 1,000	\$ 1,000	\$ 53,983	\$ 53,983	\$ 54,983	\$ 54,983
Buildings	-	-	-	-	-	-
Street improvements and sidewalks	8,732	9,825	-	-	8,732	9,825
Furniture and equipment	205	409	4,254	4,928	4,459	5,337
Plant & distribution systems	-	-	2,328,757	2,393,076	2,328,757	2,393,076
	<u>\$ 9,937</u>	<u>\$ 11,234</u>	<u>\$ 2,386,994</u>	<u>\$ 2,451,987</u>	<u>\$ 2,396,931</u>	<u>\$ 2,463,221</u>

Additional information regarding the Town of Milton's capital assets can be found in Note III.A.4 of this report.

**Long-term Debt.** As of June 30, 2020, the Town had total bonded debt outstanding of \$420,000. This debt is backed by the full faith and credit of the Town.

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Direct Placement:						
Water Bonds	\$ -	\$ -	\$ 4,000	\$ 8,000	\$ 4,000	\$ 8,000
WWTP Bonds	-	-	416,000	424,500	416,000	424,500
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ 432,500</u>	<u>\$ 420,000</u>	<u>\$ 432,500</u>

**Town of Milton's Outstanding Debt**

The Town's total debt decreased by \$12,500 due to principal payments on the water and WWTP bonds for water and sewer improvements. The Town incurred no new debt during 2020.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Milton is \$771,817.

Additional information regarding the Town of Milton's long-term debt can be found in Note III.B.4 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of Milton:

- The employment rate is anticipated to remain relatively stable for the fiscal year ending June 30, 2021; however Milton is experiencing an aging population, which may result in reduced revenues.

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities:** The current property tax of \$0.35/100 has not been sufficient to take care of Milton's needs; therefore property tax has been increased from \$0.35/100 to \$0.45/100 valuation. The increase will allow Milton to replace at least four non-working fire hydrants at a cost of approximately \$24,000 in FY2021, and also to provide more grounds maintenance services. The town anticipates a portion of this increase to be needed to help subsidize the water system debt.

The Town has chosen not to appropriate fund balance in the fiscal year 2021 budget. Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$1,104 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

**Business-type Activities:** Water rates have not been sufficient to meet the expenses of the water/sewer system repair and maintenance, due to the aging system and the repair and replacement of worn or broken parts and pumps. The FY20 was started with 4 pumps in stock, but an additional 13 pumps had to be purchased to replace broken pumps. Milton found it necessary to transfer \$10,000 from the General Fund to the Water Fund to help cover increased expenses in the repairs and maintenance, as well as increased cost in the water testing. Water rates will be increased in FY21 from \$32.50/month to \$34/month for sewer – and consumption over 2,000 gallons from \$0.03/gallon to \$0.035/gallon. Basic water/sewer rate will increase from \$65/month to \$68/month. Water fund maintenance expenses were budgeted at \$44,000 in FY20, but expenditures exceeded the budget by \$10,572 (24%). The water fund maintenance budget will be increased in FY21 by 7%, from \$44,000 to \$47,285. As the system ages, repair expense will rise and customer base is shrinking. Milton may consider passing the system off to a third party. Water receivables continue to rise with collections becoming doubtful. Milton will closely monitor receivable collections in order to meet the debt service payment in 2021. Milton is currently using the NC Debt Set-Off program, and also plans to pass the delinquencies on to Penn Credit for collections. Milton will continue to take the steps necessary to monitor and control costs and maintain expenditures to stay within the budget.

Milton Town Commissioners and staff work closely together to insure the citizen's water quality needs are met, and that revenues are adequate to take care of those needs. Milton has received a request to implement a second water source. Because the municipality cannot absorb fresh debt, it is improbable that a second source can be secured. Milton will explore different options for a second water source.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Milton, P.O. Box 85, Milton, NC 27305 or (336) 234-0030. You can also visit our website at [townofMilton.org](http://townofMilton.org) or send an email to [miltonncfinanceofficer@gmail.com](mailto:miltonncfinanceofficer@gmail.com) for more information.

**Town of Milton, North Carolina**  
**Statement of Net Position**  
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash & cash equivalents - unrestricted	\$ 110,058	\$ -	\$ 110,058
Taxes receivable (net)	3,126	-	3,126
Accounts receivable (net)	-	32,080	32,080
Due from other governments	5,235	-	5,235
Inventory	-	18,552	18,552
Due from Caswell County	697	-	697
Prepaid expenses	-	8,089	8,089
Internal balances	-	-	-
Restricted cash & cash equivalents	-	2,751	2,751
	<u>119,116</u>	<u>61,473</u>	<u>180,588</u>
Capital assets:			
Land	1,000	53,983	54,983
Capital assets, net of depreciation	8,937	2,333,010	2,341,947
	<u>9,937</u>	<u>2,386,994</u>	<u>2,396,931</u>
 Total assets	 <u>129,053</u>	 <u>2,448,466</u>	 <u>2,577,519</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	751	454	1,205
Bonds payable - current maturity	-	4,000	4,000
USDA - current maturity	-	9,000	9,000
Payable from restricted assets	-	9,594	9,594
	<u>751</u>	<u>23,048</u>	<u>23,799</u>
Long-term liabilities:			
Bonds payable - General	-	-	-
Bonds payable - USDA	-	407,000	407,000
	<u>-</u>	<u>407,000</u>	<u>407,000</u>
 Total liabilities	 <u>751</u>	 <u>430,048</u>	 <u>430,799</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,937	1,966,994	1,976,931
Restricted for:			
Stabilization by State Statute	5,932	-	5,932
Unrestricted net position	112,433	51,424	163,857
	<u>112,433</u>	<u>51,424</u>	<u>163,857</u>
 Total net position	 <u>\$ 128,302</u>	 <u>\$ 2,018,418</u>	 <u>\$ 2,146,720</u>

The accompanying notes are an integral part of the financial statements

**Town of Milton, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Programs Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government and administration	\$ 60,655	\$ -	\$ -	\$ -	\$ (60,655)	\$ -	\$ (60,655)
Transportation	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<u>60,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,655)</u>	<u>-</u>	<u>(60,655)</u>
<b>Business-type activities:</b>							
Water & Sewer fund	189,538	125,138	-	-	-	(64,400)	(64,400)
<b>Total business-type activities</b>	<u>189,538</u>	<u>125,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,400)</u>	<u>(64,400)</u>
<b>Total Government</b>	<u>\$ 250,192</u>	<u>\$ 125,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(60,655)</u>	<u>(64,400)</u>	<u>(125,054)</u>
General revenues:							
Taxes:							
Ad valorem					40,740	-	40,740
Other					22,686	-	22,686
Unrestricted intergovernmental revenues					8,609	-	8,609
Investment earnings					1,292	-	1,292
Miscellaneous					20	-	20
Transfers					(10,000)	10,000	-
<b>Total general revenues and transfers</b>					<u>63,347</u>	<u>10,000</u>	<u>73,347</u>
Change in net position					<u>2,692</u>	<u>(54,400)</u>	<u>(51,707)</u>
Net position beginning					<u>125,610</u>	<u>2,072,817</u>	<u>2,198,427</u>
<b>Net position ending</b>					<u>\$ 128,302</u>	<u>\$ 2,018,418</u>	<u>\$ 2,146,720</u>

The accompanying notes are an integral part of the financial statements

**Town of Milton, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Fund</u>
<b>Assets</b>		
Cash & investments - unrestricted	\$ 110,058	\$ 110,058
Property taxes receivable (net)	3,126	3,126
Due from other governments	5,235	5,235
Due from Caswell County	697	697
Due from Water and Sewer fund	-	-
Total assets	<u>\$ 119,116</u>	<u>\$ 119,116</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued payroll taxes	\$ 751	\$ 751
Total liabilities	<u>751</u>	<u>751</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	3,126	3,126
Total deferred inflows of resources	<u>3,126</u>	<u>3,126</u>
Fund balance:		
Restricted:		
Stabilization by State Statute	5,932	5,932
Unassigned	109,307	109,307
Total fund balance	<u>115,239</u>	<u>115,239</u>
Total liabilities and fund balance	<u>\$ 119,116</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	\$ 64,968	
Less accumulated depreciation	<u>(55,031)</u>	9,937
Liabilities for earned revenues considered deferred inflows of resources in fund statements		<u>3,126</u>
Net position of governmental activities		<u>\$ 128,302</u>

The accompanying notes are an integral part of the financial statements

**Town of Milton, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
<b>Revenues:</b>		
Ad valorem taxes	\$ 40,721	\$ 40,721
Other taxes	22,686	22,686
Unrestricted intergovernmental revenues	8,609	8,609
Miscellaneous	20	20
Investment earnings	1,292	1,292
Total revenues	73,328	73,328
<b>Expenditures:</b>		
General government	59,358	59,358
Total expenditures	59,358	59,358
<b>Other Financial Sources (Uses):</b>		
Transfer to other funds	(10,000)	(10,000)
Excess of revenues over (under) expenditures	3,970	3,970
Fund balance - beginning of year	111,269	111,269
Fund balance - end of year	\$ 115,239	\$ 115,239

Amounts reported for governmental activities in statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ 3,970
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay	\$ -	
Depreciation	(1,297)	(1,297)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Change in unavailable revenue for tax revenues		19
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Total changes in net position of governmental activities		\$ 2,692
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**Town of Milton, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2020**

	Original	Final	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 42,000	\$ 42,000	\$ 40,721	\$ (1,279)
Other taxes	22,000	22,000	22,686	686
Unrestricted intergovernmental revenues	6,700	6,700	8,609	1,909
Miscellaneous	-	-	20	20
Interest	1,600	1,600	1,292	(308)
Total revenues	<u>72,300</u>	<u>72,300</u>	<u>73,328</u>	<u>1,028</u>
<b>Expenditures:</b>				
General government	<u>72,300</u>	<u>72,300</u>	<u>59,358</u>	<u>12,942</u>
Total expenditures	<u>72,300</u>	<u>72,300</u>	<u>59,358</u>	<u>12,942</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>13,970</u>	<u>13,970</u>
<b>Other Financial Sources (Uses):</b>				
Appropriated fund balance	-	10,000	-	(10,000)
Transfer to other funds	-	(10,000)	(10,000)	-
	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	3,970	<u>\$ 3,970</u>
Fund balance, beginning of year			<u>111,269</u>	
Fund balance, end of year			<u>\$ 115,239</u>	

The accompanying notes are an integral part of the financial statements

**Town of Milton, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2020**

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ -
Restricted cash & cash equivalents	2,751
Accounts receivable (net)	32,080
Repair parts inventory	18,552
Prepaid bond expense	8,089
	<u>61,473</u>
Capital assets:	
Water and sewer system	1,458,122
Less: Accumulated depreciation	<u>(928,872)</u>
Net capital assets	<u>2,386,994</u>
Total assets	<u>2,448,466</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to General Fund	-
Accounts payable and accrued liabilities	454
Bonds payable - current maturity	4,000
USDA - current maturity	9,000
Liabilities payable from restricted assets:	
Customer deposits	9,594
Total current liabilities	<u>23,048</u>
Long-term liabilities:	
Bonds payable - General	-
Bonds payable - USDA	407,000
Total long-term liabilities	<u>407,000</u>
Total liabilities	<u>430,048</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,966,994
Unrestricted net position	51,424
Total net position	<u>\$ 2,018,418</u>

The accompanying notes are an integral part of the financial statements

**Town of Milton, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<u>Water and Sewer Fund</u>
<b>Operating revenues:</b>	
Water and sewer sales	\$ 123,938
Miscellaneous	<u>1,200</u>
Total operating revenue	<u>125,138</u>
 <b>Operating expenses:</b>	
Salaries	10,070
FICA expense	562
Utilities	8,919
Maintenance and repairs	58,081
Water tank maintenance	11,106
Water testing services	25,379
Permits and dues	1,210
Bad debt	-
Depreciation	64,993
Amortization	279
Miscellaneous	<u>1,110</u>
Total operating expenses	<u>181,709</u>
Operating income (loss)	<u>(56,571)</u>
 <b>Nonoperating revenues(expenses):</b>	
Interest on long-term debt	<u>7,829</u>
Total nonoperating revenues (expenses)	<u>7,829</u>
Income (loss) before other sources (uses)	(64,400)
 <b>Other sources (uses):</b>	
Transfer from other funds	<u>10,000</u>
Change in net position	(54,400)
Net position beginning of year	<u>2,072,818</u>
Net position end of year	<u>\$ 2,018,418</u>

The accompanying notes are an integral part of the financial statements

**Town of Milton, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<u>Water and Sewer Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 118,627
Cash paid for goods and services	(102,198)
Cash paid to employees	(10,632)
	<u>5,797</u>
<b>Net Cash Provided By Operating Activities</b>	<u>5,797</u>
<b>Cash flows from capital and related financing activities:</b>	
Principal paid on bonds	(12,500)
Interest paid on bonds	(7,829)
	<u>(20,329)</u>
<b>Net Cash Used By Capital and Related Financing Activities</b>	<u>(20,329)</u>
<b>Cash flows from non-capital financing activities:</b>	
Transfers from other funds	10,000
	<u>10,000</u>
<b>Net Cash Provided By Non-Capital and Related Financing Activities</b>	<u>10,000</u>
Net Increase (Decrease) In Cash	(4,532)
<b>Cash - Beginning of Year, July 1</b>	<u>7,283</u>
<b>Cash - End of Year, June 30</b>	<u>\$ 2,751</u>
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>	
Net Operating Income (Loss)	\$ (56,571)
<b>Adjustments to reconcile net operating income to net cash used by operating activities:</b>	
Depreciation	64,993
Amortization of prepaid bond expense	279
Changes in Current Assets and Liabilities:	
(Increase) decrease in accounts receivable	(7,511)
(Increase) decrease in inventory	3,510
Increase (Decrease) in accounts payable	97
Increase (Decrease) in customer deposits	1,000
Total adjustments	<u>62,368</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 5,797</u>
Interest paid	<u>\$ 7,829</u>

**Town of Milton, North Carolina**

**NOTES TO FINANCIAL STATEMENTS**  
**As of or for the Year Ended June 30, 2020**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Milton conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

**A. Reporting entity**

The Town of Milton is a municipal corporation governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. For the year ended June 30, 2020, the Town had no component unit.

**B. Basis of presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display the information about the government. These statements include the activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially the same values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

## ***Notes to the Financial Statements (continued)***

### ***B. Basis of presentation (continued)***

The Town reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in other funds. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government.

The Town reports the following major enterprise funds:

**Water and Sewer Fund** - The Town maintains an Enterprise Fund, the Water and Sewer Fund, to account for its water and sewer services. This fund is financed and operated in the same manner as a private business enterprise.

It is the intent of the governing body that costs (expenses, including depreciation) of providing these services to the public on a continuing basis be financed or recovered primarily through user charges. Therefore, periodic accounting is necessary for determination of net income and rate control.

### ***C. Measurement Focus and Basis of Accounting***

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified basis of accounting.

**Government-wide and Proprietary Fund Financial Statements:** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## ***Notes to the Financial Statements (continued)***

### ***C. Measurement Focus and Basis of Accounting (continued)***

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town because the tax is levied by Caswell County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

### ***D. Budgetary data***

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The budget is amended by the governing body on a periodic basis as required by changing conditions. All amendments must be approved by the governing Board. During the year, several amendments to the original budget were necessary. The budget presented reflects the amended budget at June 30, 2020. The budget ordinance must be adopted by July 1 of the fiscal year or the governing Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. In accordance with G.S. 159-13(a), the Town makes appropriations by department.

**Notes to the Financial Statements (continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity:**

**1. Deposits and Investments**

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursements and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**3. Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Milton's Restricted Cash

<b>Business-type Activities</b>		
Water Fund	Customer deposits	\$ 2,751
Total Business-type Activities		<u>2,751</u>
Total Restricted Cash		<u>\$ 2,751</u>

**Notes to the Financial Statements (continued)**

**4. Ad Valorem Taxes Receivable**

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This account is estimated by analyzing the percentage of receivables that were written off in prior years.

**6. Inventory and Prepaid Items**

The inventories of the Town's Water and Sewer Fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

**7. Capital Assets**

Capital assets are recorded by the government as assets when the Town administration determines that the value of the improved internal controls by recording the asset exceeds the cost of maintaining the capital asset records and the asset has an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated assets are valued at their fair market value on the date donated. General infrastructure assets are recorded at cost. The plant and equipment in the proprietary fund of the Town are recorded at original cost at the time of acquisition. Plant assets of the Town are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition at a 2% annual rate.

Other assets of the Town are depreciated on a Class Life basis at the following rate:

Buildings	2%
Infrastructure	2%
Computer & electronic equipment	20%
Furniture & equipment	10%

## **Notes to the Financial Statements (continued)**

### **8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no item that meets this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meet the criterion for this category –property taxes receivable.

### **9. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost are reported as deferred charges and amortized over the term of the related debt. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are ported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

### **10. Net Position/ Fund Balances**

#### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

#### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Inventories* – portion of fund balance that in not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

**Notes to the Financial Statements (continued)**

**10. Net Position/ Fund Balances (continued)**

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization by State statute* - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Milton's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that Town of Milton intends to use for specific purposes.

*Assigned for Subsequent Year's Expenditures* - portion of fund balance that is assigned for subsequent year's expenditures for a storm water project.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town does not have a minimum fund balance policy or a revenue spending policy.

**II. Stewardship, Compliance, and Accountability:**

**A. Material Violations of Finance-Related Legal and Contractual Provisions:**

1. *Noncompliance with North Carolina General Statutes:* None

**Notes to the Financial Statements (continued)**

**II. Stewardship, Compliance, and Accountability (continued):**

**B. Excess of Expenditures Over Appropriations:** None

**III. Detail Notes on All Funds:**

**A. Assets:**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approval averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists to undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with provisions of GS 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$14,298 and a bank balance of \$20,388. All of the bank balance was covered by federal depository insurance. At June 30, 2020, the Town's petty cash totaled \$100.

**2. Investments**

At June 30, 2020, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 98,411	N/A	AAAm

**Notes to the Financial Statements (continued)**

**2. Investments (continued):**

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months.

*Credit risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**3. Receivable - Allowances for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 is net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 1,225
Enterprise Fund	<u>18,696</u>
Total	<u>\$ 19,921</u>

**Notes to the Financial Statements (continued)**

**4. Capital assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2020:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Total capital assets not being depreciated:	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,582	-	-	2,582
Furniture and equipment	6,796	-	-	6,796
Infrastructure	54,590	-	-	54,590
Total capital assets being depreciated:	<u>63,968</u>	<u>-</u>	<u>-</u>	<u>63,968</u>
<b>Less, accumulated depreciation for:</b>				
Buildings	2,582	-	-	2,582
Furniture and equipment	6,387	205	-	6,592
Infrastructure	44,766	1,092	-	45,858
Total accumulated depreciation	<u>53,735</u>	<u>1,297</u>	<u>-</u>	<u>55,032</u>
Total capital assets being depreciated, net	<u>10,233</u>			<u>8,936</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 11,234</u>			<u>\$ 9,937</u>

Depreciation expense was charged to functions of the primary government as follows:

General	\$ 205
Transportation	<u>1,092</u>
	<u>\$ 1,297</u>

Capital assets activity for the Business-type Activities for the year ending June 30, 2020:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 53,983	\$ -	\$ -	\$ 53,983
<b>Capital assets being depreciated:</b>				
Equipment	10,116	-	-	10,116
Plant and distribution system	3,251,767	-	-	3,251,767
Total capital assets being depreciated:	<u>3,261,883</u>	<u>-</u>	<u>-</u>	<u>3,261,883</u>
<b>Less, accumulated depreciation for:</b>				
Equipment	5,188	674	-	5,862
Plant and distribution system	858,692	64,319	-	923,011
Total accumulated depreciation	<u>863,880</u>	<u>64,993</u>	<u>-</u>	<u>928,873</u>
Total capital assets being depreciated, net	<u>2,398,003</u>			<u>2,333,010</u>
<b>Business-type activity capital assets, net</b>	<u>\$ 2,451,987</u>			<u>\$ 2,386,994</u>

**Notes to the Financial Statements (continued)**

**B. Liabilities:**

**1. Pension Plan Obligations:**

The Town of Milton has no full-time employees and does not participate in any type pension plan or retirement system.

**2. Deferred Outflows and Inflows of Resources**

Deferred inflows of resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, net	\$ -	\$ 3,126
	\$ -	\$ 3,126

**3. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town owns land within the 100 Year Flood Plain but does not own any structures on the 100 Year Flood Plain and does not carry any flood insurance. At June 30, 2020, the Town carried a fidelity bond on the finance officer in the amount of \$50,000.

**4. Long-Term Obligations:**

a. General Obligation Indebtedness

The direct placement general obligation bonds were issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All bonds are collateralized by the faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2020 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

\$83,000 1981 water serial bonds due in annual installments presented as follows through June 1, 2021; interest at 5.00 percent.	<u>\$4,000</u>
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**Notes to the Financial Statements (continued)**

**4. Long-Term Obligations (continued):**

a. General Obligation Indebtedness(continued)

General Obligation Bonds(continued)

Serviced by the Water and Sewer Fund:

Annual debt service requirements to maturity for long-term obligation, including \$200 of interest, are as follows:

Year Ending June 30	Direct Placement Water Bonds	
	Principal	Interest
2021	\$ 4,000	\$ 200
	<u>\$ 4,000</u>	<u>\$ 200</u>

\$450,000 2016 sanitary direct placement sewer bonds due in annual installments presented as follows through June 1, 2055; interest at 1.75 percent.

\$416,000

Annual debt service requirements to maturity for long-term obligation, including \$142,135 of interest, are as follows:

Year Ending June 30	Direct Placement Waste Water Treatment Plant Bonds	
	Principal	Interest
2021	\$ 9,000	\$ 7,280
2022	9,000	7,122
2023	9,000	6,965
2024	9,500	6,808
2025	9,500	6,641
2024-28	50,000	30,660
2027-33	54,500	26,136
2034-38	59,500	21,193
2039-43	64,500	15,811
2044-48	70,500	9,958
2049-55	71,000	3,561
	<u>\$ 416,000</u>	<u>\$ 142,135</u>

**Notes to the Financial Statements (continued)**

**4. Long-Term Obligations (continued):**

On June 13, 2013, the Town submitted an application subject to USDA approval to rework the waste water treatment plant bonds. At June 30, 2013, the Waste Water Plant bonds reflected a balance of \$423,000 plus accrued interest of \$19,035 for a total of \$442,035. During the workout period from June 30, 2013 until June 30, 2015, accrued interest was recorded at a rate of 2.125% rather than the original rate of 4.5%. This resulted in an understatement in the amount of \$19,466 due to USDA at June 30, 2015. On June 30, 2015, the amount due to USDA was restated by the amount of \$19,466 to the balance of \$441,826. On April 11, 2016, direct placement general obligation refunding bonds were issued in the amount of \$450,000 at an interest rate of 1.75%.

**b. Changes in Long-term Liabilities**

For the year ended June 30, 2020, the Town's changes in debt consisted of the following:

	Balance June 30, 2019	Increases	(Decreases)	Balance June 30, 2020	Current Portion of Balance
Business-type activities:					
Direct Placement					
General Obligation Bonds:					
Water Bonds	\$ 8,000	\$ -	\$ (4,000)	\$ 4,000	\$ 4,000
WWTP Bonds	424,500	-	(8,500)	416,000	9,000
	<u>\$ 432,500</u>	<u>\$ -</u>	<u>\$ (12,500)</u>	<u>\$ 420,000</u>	<u>\$ 13,000</u>

The Town's outstanding bonds from direct placements related to business-type activities of \$420,000 are collateralized by the faith, credit, and taxing power of the Town and contain provisions that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

At June 30, 2020, the Town of Milton had bonds authorized but un-issued of \$0- and a legal debt margin of \$771,817.

**5. Interfund Receivables and Activity**

At June 30, 2020, the following Interfund receivables / payable were outstanding:

To:	General Fund	\$ 0
From:	Sewer Fund	\$ 0

The Town's governing board approved a transfer in the amount of \$10,000 from the General Fund to the Water Sewer Fund. This transfer was made to provide the resources necessary in order for the Water Sewer Fund to make its debt payment.

Transfers to/from other funds at June 30, 2020, consist of the following:

From the General Fund to the Water and Sewer Fund	<u>\$10,000</u>
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**Notes to the Financial Statements (continued)**

**C. Net Investment in Capital Assets**

	<b>Governmental</b>	<b>Business-type</b>
Capital Assets	\$ 9,937	\$ 2,386,994
less: long-term debt	-	420,000
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 9,937</u>	<u>\$ 1,966,994</u>

**D. Fund Balance**

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

<b><u>Total fund balance - General Fund</u></b>	<b>\$ 115,239</b>
Less:	
Stabilization by State Statute	<u>5,932</u>
Remaining Fund Balance	<u>\$ 109,307</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$0	

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

In prior years, the Town has received proceeds from various grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the grant monies.

## ***Notes to the Financial Statements (continued)***

### ***VI. Significant Effects of Subsequent Events***

Subsequent events occurring after the statement of financial position date have been evaluated through November 20, 2020, which is the date the financial statements were available to be issued.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Authority and its ability to carry out its activities which could impact its financial results.

**Town of Milton, North Carolina**  
**Comparative General Fund Balance Sheets**

	June 30, 2020	June 30, 2019
<u>Assets</u>		
Current Assets:		
Cash & investments	\$ 110,058	\$ 105,791
Receivables (net):		
Property taxes	3,126	3,107
Due from other governments	5,235	5,517
Due from Caswell County	697	635
Due from Water and Sewer fund	-	-
Total receivables	9,058	9,259
Total assets	\$ 119,116	\$ 115,050
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accounts payable and accrued payroll taxes	\$ 751	\$ 674
Accrued salaries	-	-
Total liabilities	751	674
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	3,126	3,107
Accounts receivable - Unavailable revenue	-	-
Total deferred inflows of resources	3,126	3,107
Fund balances:		
Restricted:		
Stabilization by State Statute	5,932	635
Unassigned	109,307	110,634
Total fund balance	115,239	111,269
Total liabilities, deferred inflows of resources and fund balances	\$ 119,116	\$ 115,050

**Town of Milton, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2019</u>
<b>REVENUES:</b>				
Ad valorem taxes:				
Current year		\$ 40,721		\$ 45,431
Prior year		-		-
Penalties and interest, net		-		-
	<u>\$ 42,000</u>	<u>40,721</u>	<u>\$ (1,279)</u>	<u>45,431</u>
Other taxes & licenses:				
Local option sales tax	<u>22,000</u>	<u>22,686</u>	<u>686</u>	<u>21,732</u>
Unrestricted intergovernmental:				
Utility franchise tax		7,865		8,229
Beer & wine tax		744		726
	<u>6,700</u>	<u>8,609</u>	<u>1,909</u>	<u>8,955</u>
Investment earnings	<u>1,600</u>	<u>1,292</u>	<u>(308)</u>	<u>1,616</u>
Miscellaneous income	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>
	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>
Total revenues	<u>72,300</u>	<u>73,328</u>	<u>1,028</u>	<u>77,735</u>
<b>EXPENDITURES:</b>				
General Government:				
Administration:				
Salaries		17,991		15,395
Payroll taxes		1,620		598
Professional services		7,414		7,032
Outside services		1,000		-
Miscellaneous		1,340		857
Utilities and telephone		10,405		10,128
Insurance and bonds		5,850		4,954
Tax collection fees		1,102		1,125
Supplies and postage		3,842		3,754
Building and grounds		8,793		19,585
Capital outlay		-		-
Contingency		-		-
Total expenditures	<u>72,300</u>	<u>59,358</u>	<u>12,942</u>	<u>63,427</u>
Revenues over (under) expenditures	<u>-</u>	<u>13,970</u>	<u>13,970</u>	<u>14,307</u>
Other sources (uses) of funds				
Appropriated fund balance	10,000	-	(10,000)	-
Transfer to other funds	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>(112,809)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,970</u>	<u>\$ 3,970</u>	<u>(98,501)</u>
Fund balances - beginning of year		<u>111,269</u>		<u>209,770</u>
Fund balances - end of year		<u>\$ 115,239</u>		<u>\$ 111,269</u>

**Town of Milton, North Carolina**  
**Water and Sewer Fund**  
**Statement of Fund Net Positions**  
**June 30, 2020**

**(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and investments	\$ -	\$ -
Restricted cash & cash equivalents	2,751	7,283
Receivables (net):	32,080	24,569
Repair parts inventory	18,552	22,062
Prepaid bond expense	8,089	8,368
Total current assets	<u>61,473</u>	<u>62,282</u>
Capital Assets (net)	<u>2,386,994</u>	<u>2,451,987</u>
Total assets	<u>2,448,466</u>	<u>2,514,269</u>
<b><u>LIABILITIES NET POSITION:</u></b>		
Current Liabilities:		
Due to General Fund	-	-
Accounts payable - WF	454	357
Bonds payable - current maturity	4,000	4,000
USDA - current maturity	9,000	8,500
Water and sewer deposits	9,594	8,594
Total current liabilities	<u>23,048</u>	<u>21,451</u>
Other Liabilities:		
Bonds payable - non current maturity	-	4,000
USDA - non current maturity	407,000	416,000
Total other liabilities	<u>407,000</u>	<u>420,000</u>
Total liabilities	<u>430,048</u>	<u>441,451</u>
Net Position:		
Net investment in capital assets	1,966,994	2,019,487
Unrestricted	51,424	53,331
Total net position	<u>\$ 2,018,418</u>	<u>\$ 2,072,817</u>

**Town of Milton, North Carolina**  
**Proprietary Fund Type - Enterprise Fund**  
**Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2019</u>
<b>Revenues:</b>				
Operating revenues:				
Water sales		\$ 67,869		\$ 59,871
Sewer sales		55,059		48,638
Water reconnect fees		30		100
Late fees		980		2,350
	<u>\$ 123,595</u>	<u>123,938</u>	<u>\$ 343</u>	<u>110,959</u>
Non-operating Revenues:				
Miscellaneous income		1,200		1,350
	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>1,350</u>
Total revenues	<u>123,595</u>	<u>125,138</u>	<u>1,543</u>	<u>112,309</u>
<b>Expenditures:</b>				
Operating expenses:				
Salaries		10,070		10,382
FICA expense		562		1,223
Utilities		8,919		9,981
Maintenance and repairs		54,572		42,654
Water tank maintenance		11,106		10,219
Water testing services		25,379		23,231
Permits and dues		1,210		860
Credit card bank fees		855		-
Miscellaneous		255		70
Capital outlays		-		-
	<u>113,095</u>	<u>112,927</u>	<u>168</u>	<u>98,620</u>
Other budgetary appropriations:				
Debt service:				
Interest on long term debt - water		7,829		8,178
Principal paid on bonds		12,500		12,500
	<u>20,500</u>	<u>20,329</u>	<u>171</u>	<u>20,678</u>
Total expenditures	<u>133,595</u>	<u>133,256</u>	<u>339</u>	<u>119,297</u>
Excess of Revenues Over (Under) expenditures	(10,000)	(8,118)	1,882	(6,988)
Other financing sources (uses):				
Appropriated fund balance	-	-	-	-
Transfer from other funds	10,000	10,000	-	112,809
Revenues and other sources over (under) expenditures and other sources	<u>\$ -</u>	<u>\$ 1,882</u>	<u>\$ 1,882</u>	<u>\$ 105,820</u>

**Town of Milton, North Carolina**  
**Proprietary Fund Type - Enterprise Fund**  
**Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020	2019
Reconciliation from budgetary basis (modified accrual) to full accrual basis:		
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 1,882	\$ (11,405)
Budgetary appropriations:		
Capital outlay	-	-
Inventory adjustment	(3,510)	(8,777)
Debt service - principal portion	12,500	12,500
Bond interest amortization	(279)	(279)
Depreciation	(64,993)	(65,065)
Change in net position	\$ (54,400)	\$ (73,025)

**Town of Milton, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Year Ended June 30, 2020**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-20		\$ 39,966	\$ 38,637	\$ 1,329
2018-19	\$ 1,496		531	965
2017-18	642		103	539
2016-17	519		226	293
2015-16	450		64	386
2014-15	397		43	354
2013-14	350		231	119
2012-13	194		44	150
2011-12	248		118	130
2010-11	230		144	86
2009-10	98		98	-
2008-09	140		140	-
	<u>\$ 4,764</u>	<u>\$ 39,966</u>	<u>\$ 40,379</u>	4,351
				1,225
				\$ 3,126
				Reconciliation with revenues:
				Ad Valorem Tax - General Fund
				\$ 40,721
				Less penalties and interest
				(342)
				Total Collections & Credits
				\$ 40,379

**Town of Milton, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Year Ended June 30, 2020**

	Town-Wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor	Registered Motor Vehicles
Original levy:					
Real and personal property	\$ 10,412,857	0.35	\$ 36,445	\$ 36,445	\$ -
Motor vehicles	<u>1,006,000</u>		<u>3,521</u>	<u>-</u>	<u>3,521</u>
Total levy	11,418,857		39,966	36,445	3,521
Discoveries	-	0.35	-	-	-
Abatements	<u>-</u>	0.35	<u>-</u>	<u>-</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 11,418,857</u></u>				
Net Levy			39,966	36,445	3,521
Less: Uncollected Tax at June 30, 2020			<u>1,329</u>	<u>1,329</u>	<u>-</u>
Current Year Tax Collected			<u><u>\$ 38,637</u></u>	<u><u>\$ 35,116</u></u>	<u><u>\$ 3,521</u></u>
Percent current year collected			<u><u>96.67%</u></u>	<u><u>96.35%</u></u>	<u><u>100.00%</u></u>